

June 2, 2023

Honorable Denise Cote  
United States District Judge  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street  
New York, New York 10007

*Exhibit H is sealed.  
The proposed schedule  
is approved.  
Denise Cote  
6/5/23*

**Re: United States v. James Velissaris,  
22 Cr. 105 (DLC)**

Dear Judge Cote:

The parties write to update the Court on their discussions regarding the appropriate restitution amount in the above-captioned case, and to propose a briefing schedule to resolve any disputes. (See Sentencing Transcript at 44). As the Court is aware, the restitution amount should be determined by July 6, 2023, ninety days after the defendant's April 7 sentencing. See 18 U.S.C. § 3664(d)(5); see also *Dolan v. United States*, 560 U.S. 605, 611 (2010).

To date, two victims have alleged losses for purposes of restitution:

Diversified Alpha Fund

The Diversified Alpha Fund ("DAF") alleges losses of \$59,152,245.00. The supporting documentation is attached as Exhibits A through G. The details are summarized below.

\$46,482,819.00	overpayments to former shareholders who fully redeemed their shares in the DAF at inflated net asset values
\$7,485,202.00	excess management fees paid by DAF to Infinity Q Capital Management ("IQCM")
\$850,000.00	payments to Russell Investments for liquidation of DAF's assets
\$1,573,882.00	payments to Alvarez and Marsal Valuation Services for reevaluation of DAF's historical NAVs
\$2,288,416.00	payments to Cornerstone Research for distribution of DAF's assets to shareholders
\$450,000.00	fees to Bloomberg for the BVAL license used during the reevaluation

\$21,926.00	attorneys' fees for restitution application <sup>1</sup>
-------------	--

## Volatility Alpha Fund

The Volatility Alpha Fund (“VAF”) alleges losses of \$67,129,126.02. The supporting documentation is attached as Exhibit H.<sup>2</sup> The details are summarized below.

\$26,573,945.89	overpayments to IQCM for management fees and performance allocations
\$18,880,319.12	overpayments to Limited Partners who withdrew funds based on inflated NAVs
\$20,235,496.29	legal fees for Velissaris's criminal defense up until plea and sentencing
\$516,115.00	legal fees for Scott Lindell
\$79,182.67	legal fees for other IQCM employees who were interviewed by the Government
\$844,067.05	payments to Markit to revalue VAF's historical investment portfolio

Defense counsel was provided with the supporting documentation for the Government's restitution request this week. However, this week Mr. Velissaris has been in transit between BOP facilities and counsel was unable to schedule a call with him. To avoid undue delay, in the meantime the parties propose the following timeline:

June 6	defense counsel informs the Court and the Government of any objections to the above amounts
June 13	Government brief, if any objections are alleged
June 20	defense opposition, if any objections are alleged

Respectfully submitted,

DAMIAN WILLIAMS  
United States Attorney

by: /s/  
Margaret Graham  
Assistant United States Attorney  
(212) 637-2923

<sup>1</sup> DAF's April 6, 2023 letter stated that the attorneys' fees were \$18,874. However, as communicated by DAF's counsel and reflected in the attached invoice, the correct amount is \$21,926.

<sup>2</sup> The Government respectfully requests that Exhibit H be filed under seal, as it contains sensitive financial information of VAF and its investors.